

## **Shutdown Contingency Planning**

The Administration is committed to working out a compromise for funding the remainder of the fiscal year so that we can avoid a costly and disruptive shutdown that would imperil our economic recovery. Yet, the Administration is preparing for all possible outcomes.

In the event of a Government shutdown, Federal departments, agencies, and the District of Columbia are legally prohibited from incurring further financial obligations for those activities that are funded by the annual appropriations that have lapsed – with the exception that an agency may incur those obligations that are necessary to carry out an orderly suspension of operations and to perform certain legally-defined “excepted” activities. Excepted activities include the safety of life and protection of property. (Since the general prohibition on incurring obligations relates to those activities that are funded by the annual appropriations that have lapsed, an agency may continue to carry out activities that are supported by other sources of funding which continue to remain available to the agency, such as existing balances of a multi-year appropriation.) Across the Federal Government, a shutdown would mean that many of the essential services that Americans rely on would be suspended or required to operate at lower levels, and many Federal employees would be furloughed and unable to work.

Below is a snapshot of how many major Federal activities would be affected. This is not a comprehensive list. For more details, please contact the relevant Federal agency directly.

### **Examples of Services That Would Be Affected**

- The Federal Housing Administration (FHA) would not endorse any single-family mortgage loans or have staff available to process and approve new multifamily loans. FHA single-family lending represents a market share of more than 20 percent of overall loan volume (home purchases and re-financing).
- No new approvals of SBA-guaranteed loans for business working capital, real estate investment or job creation activities would occur.
- National Parks, National Forests, and the Smithsonian Institution would be closed.
- Those filing paper tax returns would not receive tax refunds from the IRS, and many taxpayers would be unable to receive service from the IRS to help them meet their tax obligations. For example, 400 walk-in service centers would be closed.
- The Mine Safety and Health Administration would not be able to conduct regular safety and health inspections.
- Only emergency passport services would be open; normal processing would not.
- Department of Commerce grant-making programs for economic development would cease, as would most payments by HUD’s Community Development Block Grant program to State and local governments.
- USDA would not be able to approve any grants, loans or loan guarantees for its rural housing, utilities, business, and community facilities programs.
- Farm loans, farm payment, and enrollment in conservation programs would cease.
- Agricultural export credit and other agricultural trade development and monitoring would stop.

- The Community Development Financial Institutions Fund would suspend its grants and technical assistance to communities across the country, delaying investments that finance businesses and create jobs in distressed neighborhoods.
- Inspections of stock brokers, receipt and publication of corporate financial disclosures, and routine oversight of financial markets by Federal agencies would cease. Enforcement actions would be postponed in all but a few cases.
- Certain FEMA flood mitigation and flood insurance operations would be suspended.
- Agricultural export credit activity and other agricultural trade development and monitoring would cease.
- Most of the Veterans Benefits Administration customer support services would be suspended.
- Most Department of Defense budget planning and preparation would cease; military personnel would not receive paychecks during a funding lapse.
- Customer service would be reduced across the federal government.
- Department of Justice civil litigation activities, including civil rights enforcement and defensive litigation (where the U.S. government is a defendant), would mostly stop.
- Freedom of Information Act (FOIA) processing would cease.

## **Examples of Services That Would Remain Operational**

- The Federal Aviation Administration would keep the air traffic control system open and safe.
- FEMA disaster operations would continue.
- Social Security checks would be sent to beneficiaries.
- National Weather Service alerts and forecasts, as well as volcano and earthquake monitoring by other agencies, would continue.
- The U.S. Postal Service would continue mail collection, delivery, and other operations.
- Customs and Border Protection activity would continue.
- Military operations in Afghanistan, Libya, and Iraq would continue.
- NASA satellite missions currently in operation would continue.
- SNAP, WIC, and other child nutrition benefits would continue.
- Most Federal Student Aid operations would continue.
- Core Federal law enforcement, such as the FBI and U.S. Marshals, would continue, as would prison and detention operations.
- Medical services for veterans would continue to be available.
- FDA monitoring of drug imports would continue.
- Meat and poultry inspection would continue.
- Treasury's core payment and collection programs would remain operational.

OMB is working diligently with Agencies to finalize operational plans for all possible scenarios, including a Government shutdown. We will continue to make new information available to the media and general public as it is finalized.